

AR79

# CED

*File*

1979  
SEVENTEENTH  
ANNUAL  
REPORT

Canadian Enterprise Development Corporation Limited



**CFD**

## what is CED?

Canadian Enterprise Development Corporation Limited is a venture capital company. This broad definition covers a wide range of investments in different forms, in companies at different stages of development and in different industries. The summary of our investment activity in 1979 on page 12 together with the brief descriptions of the companies with which we are associated illustrate the range of our investment activity. More specifically, we are prepared to consider investing either alone or with others:

*to help start new companies.*

Historically, a third of our investments have been of this nature.

*in an existing company that needs additional risk capital.*

*to assist management to acquire a company whose owners wish to sell.*

*jointly with any other company to develop an idea or product that has emerged from their own research.*

It is not our policy to control or manage the companies with which we are associated. Our preference is to invest on a minority basis and through Board representation to assist people to achieve their goals, not to direct them.

Our staff, though active, is small in number and we must therefore be selective in our investment decisions. We do not promise to invest in every situation that comes our way. We do promise time and attention to any serious-minded entrepreneur who would like to discuss his ideas with us. No introductions are necessary for these proposals; a call or letter to any of our offices in Montreal, Toronto and Vancouver is all that is required.







# seventeenth annual report to shareholders

At the end of 1979 the company's net asset value was \$16.10 per share compared to \$14.56 at the end of 1978 and \$12.58 at the end of 1977. This improvement was concentrated in the values of publicly quoted securities, reflecting strength in the stock market generally and continued good performance on the part of our portfolio companies.

Operating revenue rose to \$1,037,392 from \$867,760 the previous year despite the fact that last year's revenue was increased by a special non-recurring dividend of \$71,250 from one of our affiliates. Expenses rose only \$60,413 to \$614,110. As a result, net operating income increased by \$109,219 to \$423,282. Semi-annual dividends totalling 15c a share were declared out of 1979 earnings, compared with one dividend of 10c the previous year.

CED made three new investments in 1979:

*Finlay Navigation Limited* operates a marine transportation service on Lake Williston in British Columbia and performs contract logging in the area. Our investment of \$300,000 was part of a total of \$750,000 that was raised to strengthen the company's balance sheet and enable it to buy additional equipment.

*Ritter Industries Limited* is a new company established in Vancouver to manufacture European-style kitchen cabinets for export to the United States. Our investment of \$200,000 was part of a total of \$500,000 raised in equity capital to help launch the company which is expected to start production early in 1980.

*Seaglobe Incorporated* is a new company incorporated in 1979 in Halifax. Its purpose is to acquire and upgrade fish processing plants on Canada's east coast. Our investment of \$350,000 was part of a \$500,000 investment to provide working capital and enable the company to make an important acquisition.

Additional investments in existing portfolio companies amounted to \$316,803. Proceeds from realizations amounted to \$1,573,875 and net working capital rose to \$3,981,998 from \$3,303,527 a year earlier.

The purchases and sales of investments are detailed on page 12. The largest single item is the sale of our shares in *Conventures Limited*. In 1977 CED invested \$350,000 in 7% convertible income debentures, convertible over 8 years at prices escalating from \$3.50 per share. In January of 1978 we converted these debentures and sold the shares, reinvesting the proceeds in new 5% convertible secured notes of *Conventures*. In December 1979 we converted these notes in turn, sold the shares and undertook to purchase \$1 million principal amount of 7% secured notes convertible at \$12.50. This purchase was completed early in January 1980.

The number of entries received during 1978 for the Canada Enterprise Awards Contest declined to 108 from 167 the previous year. The *Financial Post* continued to be active in promoting the contest. CED provides two awards of \$7,500 each for the best business plans designed to bring a new product or service to a point of profitability in three years, using no more than \$1 million of equity capital.

The hydraulic electronic pumping unit developed by Canadian Foremost Limited installed at a well site in Alberta.



The winners of last year's contest were College Pro Painters Limited and PCL Industries. College Pro was launched as a means of providing summer employment for college students. Using careful selection techniques and strict quality control, students are engaged to paint houses. The plan called for 40 outlets being in operation during the summer of 1979 employing 600 students. PCL Industries Limited is a manufacturer of plastic garbage bags that adopted a European method of manufacturing low density polyethylene carry-out bags for stores. The company was successful in modifying the product for North America and at the time of the submission of its business plan had made its first penetration of the market.

At the annual meeting Mr. Herbert H. Lank did not stand for re-election as a director, having reached retiring age for directors. He had been Chairman of the Board for the previous 13 years and agreed to accept an appointment as Honorary Director. At the same meeting Major General Bruce Matthews, the first Chairman of the Board of CED, was also elected an Honorary Director.

Mr. Alistair M. Campbell, who has been a Director of CED and Chairman of the Executive Committee since its inception was elected Chairman of the Board.

Brief summaries of the portfolio companies are given elsewhere in this report. As expected, most of them continued to make good progress in 1979. In total the 20 companies engaged in manufacturing, resource development and the provision of services with which we were associated both

in 1978 and 1979 showed an increase in sales to \$365 million from \$314 million and in net profits after tax to \$24.7 million from \$17.6 million. Westmills Carpets Limited, which we commented on at some length in last year's annual report, reported a loss of \$552,000 for the year ended August 31, 1979 compared to a loss of \$2,108,481 the previous year and managed to reach profitability in the final quarter.

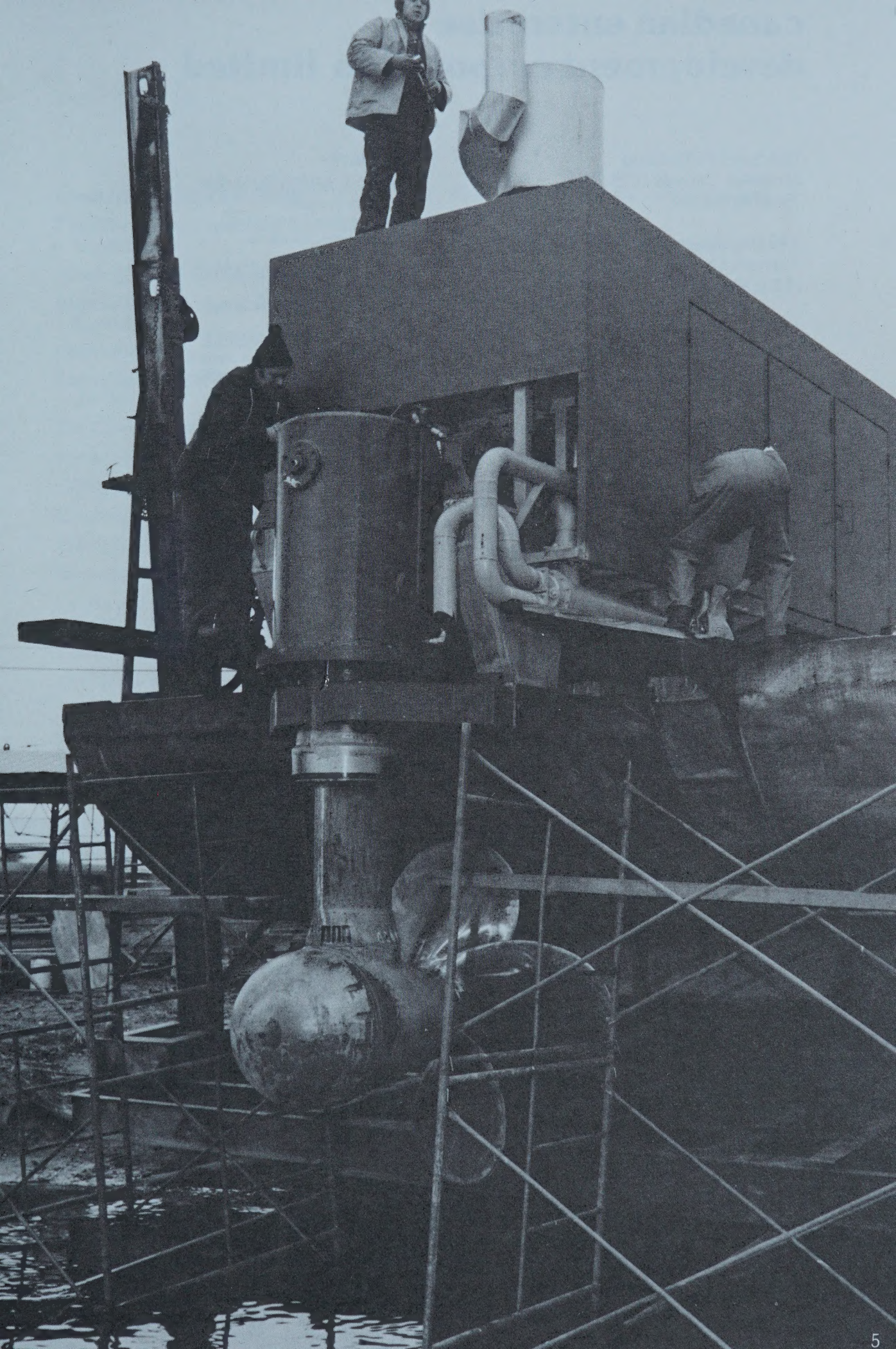
Unfortunately, there was one write-off, provision for which had been made previously. When we helped start Motorman Inc. we had hoped we could build up a chain of automobile repair garages offering quality service at reasonable prices with performance guarantees. The model unit in Burlington did indeed achieve these objectives and built up a loyal clientele. However, the combination of high rental costs and high interest rates led us to the conclusion that establishment of a chain of such garages could not be undertaken economically.

As shown in the following pages, CED is fortunate in having not only a strong balance sheet itself but a diversified portfolio of investments in companies in a wide range of industries, many having achieved positions of some stature.

*G.D. Sutton*  
*President*

Believed to be the largest deck-mounted 360 degree steerable propeller unit so far in the world, this 1150 h.p. unit from Maritime Industries Ltd. is shown being readied for barge tests.







# canadian enterprise development corporation limited

965 Sun Life Building  
Montréal, Canada H3B 2W6  
(514) 878-2764

199 Bay Street, Suite 1103  
Toronto, Ontario M5J 1L4  
(416) 366-7607

1111 West Hastings Street  
Vancouver, B.C. V6E 2J3  
(604) 684-3271

## Officers and Staff

**ALISTAIR M. CAMPBELL**  
Chairman of the Board

**GERALD D. SUTTON**  
President

**DEREK H. MATHER**  
Executive Vice President and  
Secretary-Treasurer

**RICHARD BURKE**  
Vice President

**THOMAS A. JAMES**  
Assistant Vice President

**CECILE GAUTHIER**  
Assistant Treasurer

## Directors

**ROBIN J. ABERCROMBIE**  
Senior Vice President  
The Alberta Gas Trunk Line  
Company Limited, Calgary

**DR. CLAUDE BERTRAND**  
Professor of Neurosurgery  
Université de Montréal, Montréal

**ALISTAIR M. CAMPBELL**  
Chairman of the Executive Committee  
Sun Life Assurance Company of Canada,  
Ottawa

**EDWARD H. CRAWFORD**  
President, Canada Life Assurance  
Company, Toronto

**ROBERT M. FOWLER**  
Chairman, Executive Committee  
C.D. Howe Research Institute, Montreal

**GORDON E. INNS**  
Executive Vice President,  
Bell Canada, Toronto

**JOSEPH JEFFERY**  
Chairman, London Life Insurance Company,  
London, Ontario

**JOHN T. JOHNSON**  
Partner, Borden & Elliot,  
Toronto

**MICHAEL M. KOERNER**  
President, Canada Overseas  
Investments Limited, Toronto

**ALEXANDER G. LESTER**  
Retired Executive Vice President,  
Bell Canada, Montreal

**FRANKLIN S. MCCARTHY**  
Director and former President,  
Dupont of Canada Limited, Montreal

**GERALD D. SUTTON**  
President, Canadian Enterprise Development  
Corporation Limited, Toronto

## Honorary Directors

**GEORGES F. DORIOT**  
Director, Digital Equipment Corporation,  
Boston

**HERBERT H. LANK**  
Honorary Director, DuPont of Canada Limited,  
Montreal

**A. BRUCE MATTHEWS**  
Chairman, Dome Mines Limited, Toronto



### **Institutional Stockholders**

The Alberta Gas Trunk Line Company  
Limited

Alliance Mutual Life Insurance Company

American Research and Development  
Corporation

Bank of Montreal

Caisse de Dépôt et Placement  
du Québec

The Canada Life Assurance Company

Canadian Pacific Investments Ltd.

CDFC Holdings Limited

Confederation Life Insurance Company

Crédit Foncier Franco-Canadien

Dominion Securities Limited

Du Pont of Canada Limited Pension  
Trust Fund

The Excelsior Life Insurance Company

The Great-West Life Assurance Company

The Imperial Life Assurance Company  
of Canada

Industrial Life Insurance Company

London Life Insurance Company

The Manufacturers Life Insurance  
Company

The Monarch Life Assurance Company

The Mutual Life Assurance Company  
of Canada

Nesbitt, Thomson and Company Limited

The Royal Trust Company

Strength Finance & Development Co.  
of Canada Ltd.

Succession Honorable J. Marcelin  
Wilson

Sun Life Assurance Company of  
Canada

Technical Development Capital Limited

The Toronto-Dominion Bank

CED Directors and Staff. Seated from left to right are: R.M. Fowler, H. Lank, A.M. Campbell, G.D. Sutton, E. Crawford. Standing, A. Lester, M. Koerner, Dr. C. Bertrand, G.A. Inns, D.H. Mather, J. Johnson and F. McCarthy. Absent were: General G.F. Doriot, J.J. Jeffery and Bruce Matthews from the Directors and R. Burke and T. James from the Staff.





# canadian enterprise development corporation limited

(Continued under the Canada Business Corporation Act)

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1979

ASSETS	1979	1978
Current		
Cash	\$ 99,562	\$ 56,176
Short-term investments at cost (which approximates market)	3,694,261	3,373,182
Accrued interest and consulting fees	178,739	84,245
Miscellaneous receivables	238,707	54,450
	<u>4,211,269</u>	<u>3,568,053</u>
Investments (Note 2)	13,525,762	12,533,898
Furniture and equipment at cost, less accumulated depreciation	21,894	10,241
	<u>\$17,758,925</u>	<u>\$16,112,192</u>
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 147,617	\$ 132,474
Dividends payable	81,654	108,871
Income taxes payable	—	23,181
	<u>229,271</u>	<u>264,526</u>
 SHAREHOLDERS' EQUITY		
Capital stock		
Authorized		
2,000,000 shares		
Issued		
1,088,714 shares	10,929,498	10,929,498
Retained earnings	2,879,376	2,377,232
Unrealized appreciation of investments (Note 1)	3,720,780	2,540,936
	<u>17,529,654</u>	<u>15,847,666</u>
	<u>\$17,758,925</u>	<u>\$16,112,192</u>

On behalf of the Board

A. M. CAMPBELL, Director

G. D. SUTTON, Director



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**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 1979**

	1979	1978
Revenue		
Revenue from short-term investments	\$ 327,820	\$ 168,214
Revenue from long-term investments, including consulting fees	709,572	699,546
	<u>1,037,392</u>	<u>867,760</u>
Expenses		
Employee remuneration	339,089	307,156
Other expenses	275,021	246,541
	<u>614,110</u>	<u>553,697</u>
Net income	423,282	314,063
Net gains on dispositions of investments	<u>219,094</u>	<u>663,483</u>
Net income and gains before income taxes	642,376	977,546
Income taxes (Note 3)	<u>(23,075)</u>	<u>106</u>
Net income and gains for the year	665,451	977,440
Retained earnings at the beginning of the year	2,377,232	1,508,663
	3,042,683	2,486,103
Dividends	163,307	108,871
Retained earnings at the end of the year	<u>\$2,879,376</u>	<u>\$2,377,232</u>

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**AUDITORS' REPORT**

To the Shareholders,

Canadian Enterprise Development Corporation Limited

We have examined the consolidated balance sheet of Canadian Enterprise Development Corporation Limited as at December 31, 1979 and the consolidated statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances except that it was not practicable for us to substantiate the estimated market values, as determined by the Board of Directors of the Company, for certain non-quoted investments.

In our opinion, subject to the fairness of the Directors' estimated market values for certain non-quoted investments referred to above, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1979 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec  
January 31, 1980

TOUCHE ROSS & CO.  
Chartered Accountants.



# canadian enterprise development corporation limited

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1979

### 1. Summary of significant accounting policies

#### Consolidation

The consolidated financial statements include the accounts of Canendev Investments Ltd., a wholly-owned subsidiary company.

#### Investments

##### *Unrealized appreciation of investments*

The long-term investments are recorded at market value or at the fair value determined by the Board of Directors; the excess of market or fair value over cost is shown as unrealized appreciation of investments.

The potential income tax liability applicable to the unrealized appreciation of investments is calculated on the assumption that all investments are disposed of at their recorded values at balance sheet date. For financial statement purposes such potential liability is deducted from both investments and unrealized appreciation of investments.

The unrealized appreciation of investments and the related potential income tax liability are excluded from the determination of earnings.

##### *Realized gains and losses*

Gains and losses and applicable income taxes resulting from dispositions of investments are recorded in earnings when realized.

#### Pension plan

The Company has a pension plan for its employees which is contributory and trustees. Related costs, net of employees' contributions, are charged to earnings as paid. The plan is fully funded. The fund is actuarially examined every three years, the last review being on July 1, 1977.

### 2. Investments

The investments comprise the following:

	1979		1978	
	Cost	Market or fair value	Cost	Market or fair value
Quoted shares	\$5,120,548	\$ 9,415,456	\$5,375,538	\$ 8,476,415
Non-quoted shares	2,401,599	2,636,905	1,534,032	1,436,844
Loans and advances	2,282,835	1,821,801	3,083,391	2,675,639
	<u>9,804,982</u>	<u>13,874,162</u>	<u>9,992,961</u>	<u>12,588,898</u>
Provision for income taxes on unrealized appreciation	<u>—</u>	<u>(348,400)</u>	<u>—</u>	<u>(55,000)</u>
	<u><u>\$9,804,982</u></u>	<u><u>\$13,525,762</u></u>	<u><u>\$9,992,961</u></u>	<u><u>\$12,533,898</u></u>



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### **3. Income taxes**

The absence of a provision for income taxes reflects the fact that net income is reduced by tax free intercorporate dividends for the purpose of arriving at income taxes payable for the year.

### **4. Statements of changes in financial position**

Such a statement has not been included because it would not provide significant information.

### **5. Commitments**

The Company has contractual commitments under long-term leases. As at December 31, 1979 commitments totalled \$122,943 of which \$28,567 was of a current nature.

Reported to be the fastest ocean racer in the world today, the "Bumblebee 4" of Australia is fully equipped with Barlow winches, the product of Barlow Marine Company Limited, an affiliate of International Venture Corp. Pty. Ltd.





# principal portfolio changes during 1979

<b>PURCHASES</b>		
Central Dynamics Ltd.	\$ 46,320	Common Shares
Finlay Navigation Ltd.	300,000	Common Shares
MICC Investments Ltd.	129,340	Common shares
Motorman Inc.	25,033	Note & shares
Ritter Industries Ltd.	200,000	Note & shares
Westmills Carpets Ltd.	116,110	Note
Seaglobe Inc.	350,000	Common and Preferred shares
	<u>\$1,166,803</u>	
<b>DISPOSITIONS</b>		
All-View Interphase Systems Inc.	\$ 37,500	Sale of shares
Attic Records Ltd.	49,999	Payments on note
Conventures Limited	962,500	Sale of shares
Digitech Ltd.	90,000	Payments on notes
The Intercity Commerical Group	100,000	Sale of shares
MICC Investments Ltd.	136,571	Sale of rights
Teleprompter Corporation	133,048	Sale of shares
Thousand Trails Inc.	64,257	Sale of shares
	<u>\$1,573,875</u>	
<b>OTHER</b>		
Conventures Limited	\$ 700,000	Conversion of note to shares
Motorman Inc.	300,533	Notes and shares written off

Control of a complex selection and a meticulous care and handling of packaging are built into Cassidy's centralized storage distribution system in Montreal.







# portfolio companies

## **ALL-VIEW INTERPHASE SYSTEMS INC.**

875 Gillian Street,  
Mississauga, Ontario  
L5C 2T9  
Tel: [416] 279-5744

All-View installs master antennae systems in multi-unit residential buildings, hotels, etc. The systems are sold to the owners over a ten-year period with monthly payments per unit that compare favourably with the rates charged for cable television. During 1979, 13,000 units were installed bringing the total number receiving television signals over All-View equipment to 34,000. Through a subsidiary, the company operates a small closed-circuit pay TV network and in January 1980 a demonstration was held showing the feasibility of installing antennae to receive signals via satellite.

In February 1979, a 51% ownership in All-View was acquired by Baton Broadcasting Incorporated with an investment of \$2.75 million.

## **ASI TELEPROCESSING INC.**

101 Morse Street,  
Watertown, Massachusetts, 02072  
U.S.A.  
Tel: [617] 923-1850

ASI Teleprocessing is a young company with special skills in the rapidly growing telecommunications industry. The company has made significant enhancements to its product line during 1979, including:

1) SolidVoice, a solid state audio response system featuring a large vocabulary and natural sounding speech reproduction for telephone transaction processing. The company has now installed two bilingual voice response systems in Canada for order entry and status reporting; 2) the development of the first IBM based multi-node packet switching network, and; 3) a strengthening of the capabilities of its retail polling systems with the addition of

several new polling packages for newly introduced electronic cash registers manufactured by NCR, IBM, and Data Terminal Systems. These are major improvements and will allow the company access to new markets.

Sales for the year ended January 31, 1980 were approximately \$2.7 million, as against \$1.7 million for the previous year, resulting in greatly improved profitability.

During the year, the company completed a private financing which provided it with approximately \$1 million for use as working capital and for continued expansion.

## **ATTIC RECORDS LTD.**

98 Queen Street East,  
Toronto, Ontario  
M5C 1S6  
Tel: [416] 862-0352

In 1979, Attic Records Ltd. increased sales and profit dramatically. Attic artist Hagood Hardy received a double platinum LP (for sales exceeding 200,000 in Canada), the first ever presented to an English Canadian instrumentalist. Triumph received two platinum LPs (for sales exceeding 100,000 in Canada) and two gold LPs (for sales exceeding 50,000 in Canada). American artist George Thorogood also received a gold record for Canadian sales, the only country in the world where he has hit this level. Attic has moved into the forefront of contemporary Canadian music with recent signings of Teenage Head, The Numbers, Jayne County and The Downchild Blues Band. In the U.S., Triumph was recognized as one of the top five new bands by the U.S. trade publication "Billboard". Revenues and profits also increased for the Attic Publishing Group. Among artists who recorded material controlled in Canada by Attic were ABBA, Boney M., Crystal Gayle, Exile, The Blues Brothers and Catherine McKinnon.



## **BAY MILLS LIMITED**

365 Evans Avenue,  
Toronto, Ontario  
M8Z 1K2  
Tel: [416] 252-5711

Bay Mills Limited manufactures synthetic fabrics which are used in many industrial applications.

The company's first manufacturing facility was established in Midland, Ontario and in 1979 this was expanded to 155,000 sq. ft. In Midland the company weaves synthetic yarns and aluminum wire into products which serve the building, boating and construction industries. Two subsidiaries in Toronto and Montreal use insect screening woven in Midland to manufacture window screens and patio doors. The Company has two plants, one in St. Catharines, Ontario and one in Albion, New York, which manufacture laid scrims for use in reinforcing tissue paper, kraft paper, foil, vinyl and polyethelene plastic sheeting, rubber sponge, etc. A joint venture with Certain Teed Corporation in Texas fabricates fibreglass woven roving.

In 1979 Nicolon Corporation, headquartered in Atlanta, Georgia, was organized as a joint venture with Nicolon B.V. of Enschede, Holland. This new company will specialize in developing systems for the control of erosion on shorelines and river banks, and in the stabilization of soils for road beds, railway beds, etc.

For the year ended July 31, 1979 sales increased to \$26.4 million from \$17.9 million the previous year. Net profit per share from continuing operations was \$5.16 per share (\$1.9 million) as compared with \$1.42 in the previous year. Shareholders equity amounted to \$19.40 per share. In December 1979 the shares were split on a 3 for 1 basis.

## **CANADIAN FOREMOST LTD.**

3030, 2nd Avenue, N.E.  
Calgary, Alberta  
T2A 5N7  
Tel: [403] 248-3322

Canadian Foremost Ltd. designs and builds heavy-duty track and wheel vehicles for use in off-highway applications. They have a capacity of up to 30 tons. The company has also developed a hydraulic electronic and pneumatic pumping unit for pumping oil wells. At year end 11 units were in service with various major oil companies on a testing program and a field office was established in Lloydminster providing technical and service support. A 34,000 square foot manufacturing facility for the pump is now in operation in Calgary.

Total sales in 1979 were \$8.7 million compared with \$10.3 million the previous year and a loss of \$306,000 was incurred compared to a net profit of \$715,000, due in part to heavy development expenditures for the HEP pumping unit. The company is starting off 1980 with an improved backlog of orders.

Corod's newest installation and service rig went into service in the Swan Hills oil field in November of 1979. It is capable of servicing wells to 3600 metres in depth. The carrier was supplied by Canadian Foremost Ltd. and the balance of the unit was assembled by Corod Manufacturing Ltd. itself.





# CED

## **CENTRAL DYNAMICS LTD.**

*147, Boulevard Hymus  
Pointe Claire, Québec  
H9R 1G1  
Tel: [514] 697-0810*

Central Dynamics manufactures a broad range of advanced electronic equipment combined with systems capability for television studios around the world. Following management changes in 1977 and 1978, and a subsequent cost reduction program, results for the year ended March 31, 1979 showed a net profit of \$319,000 on sales of \$7.5 million compared with a loss of \$1.4 million on sales of \$6.8 million the previous year. Sales and earnings for the year ended March 31, 1980 should be about the same as in 1979, but net profit is after substantially increased expenditures on research and development which should provide a number of new products that will be displayed at the forthcoming National Association of Broadcasters convention in April 1980.

## **COFFEES OF THE WORLD**

*1230 Yonge Street  
Toronto, Ontario  
M4T 1W3  
Tel: [416] 923-9078*

The Company operates a chain of boutiques featuring coffees, teas and associated products from all parts of the world. In some locations in shopping malls the Company is able to serve poured coffee with a choice of blends. At the end of 1979 the Company had 14 stores in operation including newly opened outlets in Ottawa and Scarborough, compared with 12 a year earlier. The entry into the United States last year with three initial stores has been disappointing.

## **CONTINENTAL MANUFACTURERS LTD.**

*965 Edifice Sun Life,  
Montréal, Québec  
H3B 2W6  
Tel: [514] 866-1227*

Continental Manufacturers is a private holding company whose assets include a controlling interest in Cassidy's Ltd., a nationwide distributor of hotelware, giftware, housewares, industrial kitchen equipment, detergents and certain cleaning chemicals and floor coverings. Total 1979 sales of the Cassidy Group were approximately \$70,000,000. During the year, Cassidy's Ltd. opened two new branches with sales personnel and small inventories in St. Johns, Newfoundland and Saskatoon, Saskatchewan. Future prospects seem to indicate these two provinces are at the threshold of large natural resource development projects. Other assets include controlling interests in Lorlea Steels Limited, a Toronto-based steel roll-forming company, Gaylord-Regethermic Canada Ltd., a Toronto-based stainless steel manufacturer of world-renowned Gaylord industrial kitchen hoods, and M.K.E. Industries Inc. a Montreal-based manufacturer of stainless steel industrial kitchen equipment. These manufacturing divisions account for another \$19,000,000 of sales.



## CONUCO LIMITED

P.O. Box 6568—Station "B"  
Calgary, Alberta  
T2P 2E4  
Tel: [403] 263-3342

Late in 1979 Conuco Limited became a wholly-owned subsidiary of Brinco Limited in a share exchange transaction. Canadian government approval of the transaction was received on Brinco's commitment to invest \$25 million in oil and gas exploration plays over the next 5 years, with cash generated from oil and gas operations to be recycled into new plays, and an undertaking to achieve 51% Canadian ownership by 1984. Conuco achieved impressive growth during 1979 and at May 31 reserves were estimated at 36.2 billion cubic feet of natural gas and 3.3 million barrels of oil. Current exploration programs are concentrated in Alberta, British Columbia and Saskatchewan. The company also has participations in the United States and in the Hopedale area offshore Labrador.

Besides its interest in oil and gas, Brinco is engaged in the development of a uranium deposit in Labrador and has a 60% interest in Abitibi Asbestos Mining Company, owner of a large undeveloped asbestos deposit.

## CONVENTURES LIMITED

100, 330-9th Avenue, S.W.  
Calgary, Alberta  
T2P 1K7  
Tel: [403] 269-3157

Conventures is a petroleum exploration company based in Calgary which had another very active year in 1979 investing nearly \$14.1 million in land, drilling, and production equipment, of which \$11.8 million was spent in Canada and \$2.3 million in the United States. The budget for 1980 calls for expenditures in excess of \$15 million.

At the end of 1979, the company had interests in 598,000 net acres (5.4 million gross acres) in Canada and the United States and gross royalty interests over 1.2 million acres. It participated in drilling 84 wells in 1979, of which 23 were gas, 48 were oil and 13 dry. In addition to its direct oil and gas interests, the company has 20% ownership of Alberta Natural Gas Company Ltd. and a portfolio of investments in oil and gas companies valued at \$33.5 million at year end.

The capability of Central Dynamics 480 video production switcher was demonstrated at the National Association of Broadcasters annual show in Dallas, Texas in March 1979. Approximately 100 demonstrations featuring live performance were given, all of which attracted the kind of interest shown in the photograph.





# CED

## **COROD MANUFACTURING LTD.**

*P.O. Box 76,  
Nisku, Alberta  
T0C 2G0  
Tel: [403] 955-2591*

Corod is a private company manufacturing, installing and servicing continuous sucker rods used to pump oil wells. Whereas conventional sucker rods are produced in twenty-five foot lengths threaded at each end for field assembly, Corod's product is manufactured in one piece for the total depth of the well. The heat-treated steel rod is transported to the well site in a trailer-mounted reel and is installed by a Corod service rig specifically designed for that purpose. Industry acceptance has come slowly but now with more than 800 Corod-equipped oil wells in Alberta, British Columbia, Colorado and Utah, the Company is modestly profitable on annual sales in excess of \$3 million. A new service base was established at Fort St. John, British Columbia in 1979. Early in 1980 service was expanded to Slave Lake and Cold Lake in Alberta.

## **DIGITECH LTD.**

*441-5th Avenue, S.W.  
Calgary, Alberta  
T2P 2V1  
Tel: [403] 265-3484*

Digitech Ltd. is a public company providing resource development services to the exploration industries. In the year ended June 30th, 1979, revenue rose to \$12.2 million from \$6 million in fiscal 1978 resulting in an after tax profit of \$1,732,000 or 68¢ per share, as opposed to \$946,000 or 44¢ per share. Two semi-annual dividends of 12½¢ per share were paid on March 2nd, 1979 and on October 26th, 1979.

During calendar 1979, Digitech expanded its services to the exploration industry by acquiring 75% of Pennington Drilling & Blasting Ltd., Edmonton. The Company supplies data acquisition drilling and exploration related dynamite blasting.

The data acquisition subsidiary companies, Digiseis Exploration Ltd., Calgary and Digiseis Exploration, Inc., Denver, aggressively expanded their services and acquired an additional dynamite crew for Canada and Vibroseis crew for the United States.

The data processing division of Digitech Ltd., in order to meet the expanded data base requirements of geophysical modeling acquired a UNIVAC 1100/81A computing system. This flexible and powerful system, acquired in July 1979, has doubled Digitech's data processing capabilities.

## **EVANGELINE SAVINGS & MORTGAGE COMPANY**

*198 Water Street,  
Windsor, Nova Scotia  
B0N 2T0  
Tel: [902] 798-8326*

As a savings and loan company in the Maritime provinces, Evangeline makes mortgage loans, accepts savings deposits and issues term debentures. In 1979 the company's assets rose slightly to \$28.8 million and net profit after tax was \$123,336. Earnings per share were \$1.17 compared with \$1.31 the previous year and a dividend of 60 cents per share was declared.



## **EXALLOY METALS INC.**

2736 Slough Street,  
Mississauga, Ontario  
L4T 1G3  
Tel: [416] 677-4895

Exalloy is a company that CED helped establish in 1976 to process scrap aluminum into powder for use in industrial explosives and metallurgical applications. In 1979 the Company finally managed to obtain commercial orders. It had been a long time of testing during which the Company's product performed well in the field but orders were only of a sample nature. For the year ended September 30, 1979 sales were \$915,000 compared with only \$80,000 in 1978 and the Company achieved a modest profit. The outlook for the current fiscal year is encouraging and the Company is in the process of expanding capacity.

## **FINLAY NAVIGATION LIMITED**

180 Kingston Street,  
Prince George, B.C  
V2L 1C3  
Tel: [604] 564-2103

Finlay Navigation operates towing and transportation services on Lake Williston in British Columbia. A separate division performs contract logging for major forest products companies in the area. Winter conditions in 1979 adversely affected the operations of the contract logging division and over-all results for the year were below expectations. Prospects for 1980 are more encouraging, particularly in the light of the expansion of one of the major plants on the lake.

One of the tugs operated by Finlay Navigation Ltd. on Lake Williston in British Columbia.





# CED

## INTERNATIONAL VENTURE CORP. PTY. LTD.

*18th Floor, Norwich House,  
6-10 O'Connell Street,  
Sydney 2000, Australia  
Tel: 285651-2*

International Venture Corporation is an Australian-based venture capital group backed by several outstanding Australian companies. The capitalization is, however, small and the company has only three major investments, one of which, Barwin Corporation, was in severe difficulties two years ago but has been turned into a profitable operation by the management of IVC.

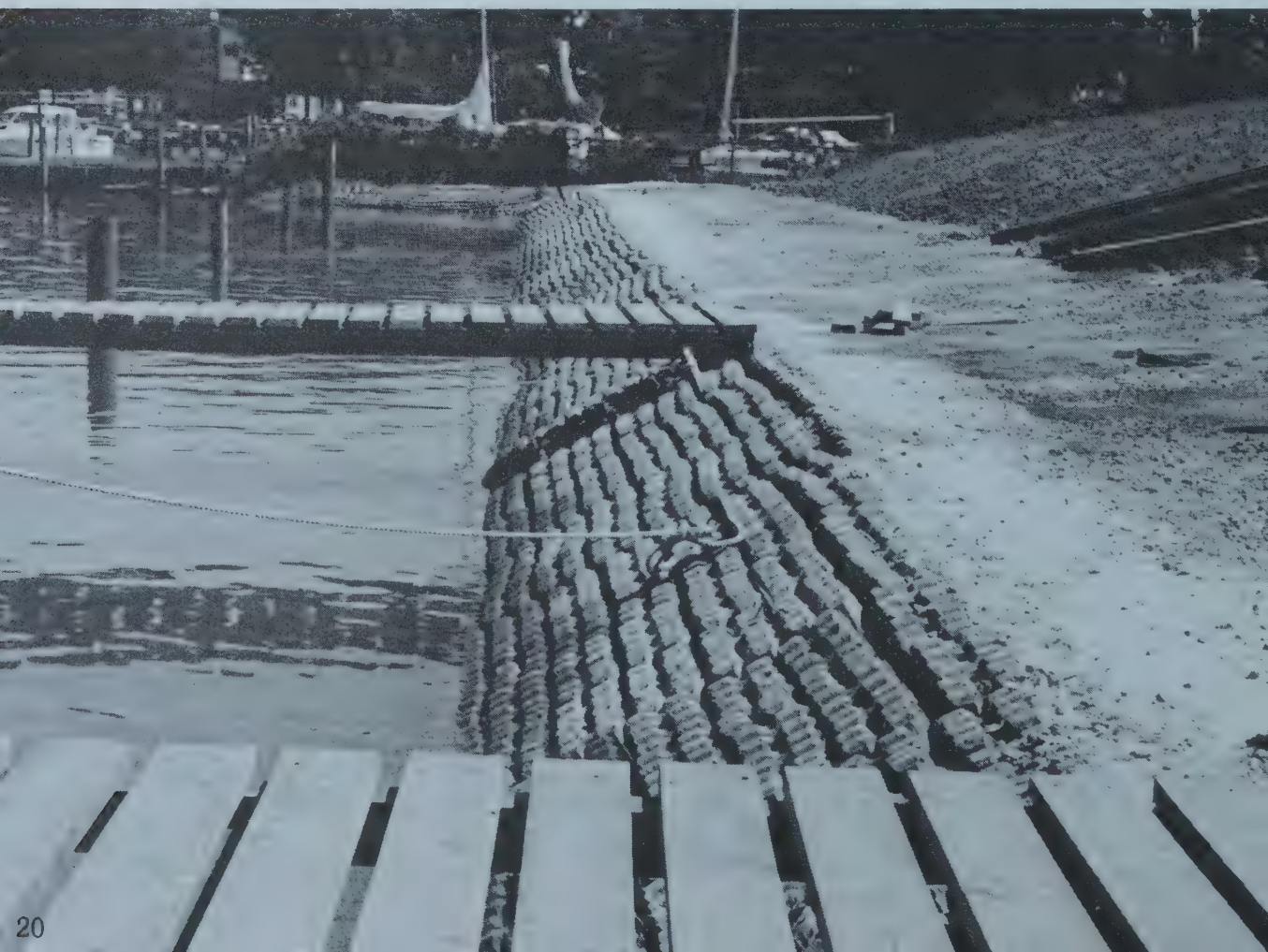
A "Gobimat" erosion control system at a marina. North American patent rights to "Gobimat" have been purchased by Nicolon Corporation of Atlanta, a joint venture between Bay Mills Limited and Nicolon B.V. of Enschede, Holland.

## LOGISTEC CORPORATION

*276, rue St-Jacques ouest  
Montréal, Québec  
H2Y 1N1  
Tel: [514] 844-9381*

Logistec is a transportation company with subsidiaries involved in stevedoring operations from the Lakehead to the Maritime provinces, shipping in Eastern Canadian and Arctic coastal waters and ship agency activities throughout Canada and in the United States. In 1979 the Company participated in a new container service with Canadian and European partners linking Montreal, Bristol, Rotterdam and Hamburg.

Total sales in 1979 were \$40.1 million compared with \$39.1 million in 1978 and net profit after tax amounted to \$1,504,828 million (\$1.03 per share) compared with \$1.1 million (79¢ per share) the previous year.





## **MICC INVESTMENTS LIMITED**

*Suite 1212, The Simpson Tower,  
401 Bay Street,  
Toronto, Ontario  
M5H 2Y4  
Tel: [416] 366-6231*

MICC Investments Limited, through its wholly-owned subsidiary, The Mortgage Insurance Company of Canada, provides insurance on residential, commercial and industrial mortgages, insures the timely payment of rent under commercial leases and provides the insurance protection offered by the Ontario and Quebec New Home Warranty Programs. Net premiums written in 1979 declined to \$40.8 million from \$44.4 million the previous year, reflecting the low level of housing activity in Canada. Losses on claims incurred continued to rise and amounted to \$28.2 million compared to \$20.6 million the previous year. Net profit available to common shareholders, after payment of preferred dividends, was \$9.8 million compared to \$9.5 million and earnings per common share were \$1.62 compared to \$1.66. During 1979 the Company raised \$14.1 million through a rights offering to shareholders. At year end, the Company's assets were \$339.8 million compared to \$207.8 million at the end of 1978.

## **M.I.L. INDUSTRIES LTD.**

*6307 Laurel Street,  
Burnaby, British Columbia  
V5B 3B3  
Tel: [604] 299-7591*

M.I.L. Industries is a holding company, its operating subsidiaries being Maritime Industries Ltd. of Vancouver, (designers and manufacturers of specialised marine propulsion units) and Headhunters Diesel Ltd. of Edmonton (engaged mainly in repairing and remanufacturing major diesel engine components). Combined sales are about \$10 million.

Maritime Industries in 1979 obtained significant contracts both in North America and overseas for existing and major new designs, doubling its volume. Earnings were disappointing owing to unexpectedly high development costs in certain areas, but the company has now become a major international competitor in its main field of endeavour—steerable propeller units. For example, in 1979 it designed and produced what is believed to be the largest deck-mounted unit in the world. (See photo). The company produces products for commercial, military and aerospace customers and recently began manufacturing in Australia for a large Australian Navy contract.

Headhunters Diesel Ltd. with branches in Edmonton, Calgary, Kamloops and Winnipeg continued to grow in volume and profits, partly due to the buoyant Alberta economy. Plans to expand into new product areas, but within its present established customer and service base, are beginning to be implemented. A separate operating subsidiary, Lakeman & Johnson Hydraulics Ltd. (distributors of hydraulic equipment), was recently sold after incurring substantial losses in 1979.



# CED

## **RITTER INDUSTRIES LIMITED**

*6351 Westminster Highway  
Richmond, British Columbia  
V7C 4V4  
Tel: [604] 278-4811*

Ritter was established in 1979 in Vancouver through the joint efforts of CED and the operating management to manufacture European styled furniture and kitchen cabinetry with primary sales effort to the United States market.

Commencing production with a line of furniture, the Company has established showrooms in Dallas, Chicago, Los Angeles, San Francisco and Seattle. Kitchen cabinet production is scheduled to begin in April of 1980 with sales through local Canadian dealers and major U.S. distributors.

Operating from a new 50,000 square foot facility, Ritter's manufacturing concept features high-yield, automated-machine processing of goods with minimal direct labour. A centralized computer system has been installed to monitor all operations.

## **SEAGLOBE INC.**

*One Sackville Place,  
Suite 600,  
Halifax, Nova Scotia  
B3J 1K1  
Tel: [902] 429-8200*

Seaglobe is a private company formed in 1979 to develop an integrated seafood processing concern. Through the purchase of two existing Nova Scotia-based fish companies, Seaglobe acquired the necessary facilities and seasoned expertise to establish an immediate revenue base.

Plans call for the development of a full product line consisting of fresh and frozen shell and ground fish to be marketed on an international basis.

The recent implementation of a 200 mile coastal economic zone has now placed Canada in the position of being the world's largest fish exporter.





## **SLOCAN FOREST PRODUCTS LTD.**

*Airport Executive Park  
240-10451 Shellbridge Way  
Richmond, B.C.  
V6X 2W8  
Tel: [604] 278-7311*

Slocan operates a sawmill at Slocan, British Columbia and has cutting rights of approximately 100 million fbm per annum on a sustained yield basis. In March of 1979 Slocan purchased the assets of the Triangle Pacific Forest products mill at Quesnel, British Columbia and now operates it as a separate division of the company. The transaction was financed through retained earnings, a minor increase in equity and the issuance of debentures to the existing debenture holder. The Quesnel operation produces approximately 100 million fbm per year of 2 by 4 and other speciality products which complement the Slocan product line. This acquisition doubles the size of the company to an output of nearly 200 million fbm annually. Lumber markets were strong during the first half of 1979 but as the year progressed the demand weakened especially in the closing months of the year and this was accompanied by sharp price declines. The outlook for the first half of 1980 is for a continuation of these conditions but some improvement is expected for the second half of the year.

## **THOUSAND TRAILS INC.**

*4800 South 188th Way  
Seattle, Washington  
U.S.A. 98188  
Tel: [206] 246-5408*

Thousand Trails Inc. (formerly Pacific Rim Group) with headquarters in Seattle

operates a chain of 10 wilderness resorts in British Columbia, Washington, Oregon and California. These facilities are open only to members who purchase a membership and pay an annual maintenance fee. The wilderness resorts are well equipped with recreational facilities and have a security staff on hand 24 hours a day. The number of members at the end of 1979 was over 14,000 compared with a little over 8,000 at the end of 1978. In December, Thousand Trails went public, raising \$5.5 million through an issue of a combination of convertible notes and common shares.

A display of consumer hardware products manufactured by Unican Security Systems Ltd. The company also manufactures a wide range of locks, including push button locks, keys and key cutting machines.



The fish processing and lobster holding facilities of F.E. Cunningham and Sons Ltd., acquired in 1979 by Seaglobe Inc.



# CFE

## **UNICAN SECURITY SYSTEMS LTD.**

5795 De Gaspé Avenue  
Montréal, Québec  
H2S 2X3  
Tel: [514] 273-0451

Unican manufactures security hardware and furniture hardware at plants located in Montreal, Quebec and Rocky Mount, North Carolina. A subsidiary company, Simplex, Inc. manufactures push-button locks in Hartford, Connecticut. In the year ended June 30, 1979 sales rose to \$34.2 million from \$28.3 million the previous year and net profit to \$1.8 million from \$1.1 million. In the six months to December 31, 1979 further improvement occurred with a net profit of \$851,000 compared with \$709,000 a year earlier. In addition to broadening its market in the United States the Company has generated sales in Europe, the Middle East and South Africa. Through a combination of retained earnings and term financing, the Company has been able to strengthen its balance sheet considerably; at December 31, net working capital amounted to \$9.6 million, whereas three years previously it was only \$1.2 million. The outlook for the balance of the current fiscal year is encouraging.

## **WESTMILLS CARPETS LTD.**

2423, 2nd Avenue. S.E.  
Calgary, Alberta  
T2E 6K1  
Tel: [403] 273-6000

Westmills manufactures carpet at its plant in Calgary, Alberta (the only carpet mill west of Ontario) and a wholly owned subsidiary spins carpet yarn at Meaford, Ontario. Sales for the year ended August 31, 1979 were \$16.7 million, down from \$17.5 million the previous year. A net loss of \$556,000 was reported as against a loss of \$2.1 million in fiscal 1978, the improvement being due to a vigorous program to cut costs initiated in the spring of 1978. More significantly, sales in the fourth quarter of fiscal 1979 were 18.9% higher than in the same period the previous year and a net profit of \$32,895 was achieved compared with a loss of \$303,787. In the first quarter of the current year Westmills' sales were \$5,781,000 up 56% over a year earlier and a net profit of \$50,000 was reported as against a net loss of \$169,000.

Westmill's new Calgary showroom displaying the many styles of tufted carpet manufactured by the company.









